

**LOUISIANA ECONOMIC DEVELOPMENT  
CORPORATION AND SUBSIDIARY**

Baton Rouge, Louisiana

Financial Report  
For the Years Ended June 30, 2013 and 2012



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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Louisiana Economic Development Corporation  
Baton Rouge, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the business-type activities of Louisiana Economic Development Corporation, a component unit of the State of Louisiana, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Louisiana Economic Development Corporation's basic financial statements as listed in the foregoing table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of the accounting principles used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable basis for my audit opinions.



### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Louisiana Economic Development Corporation as of June 30, 2013 and 2012, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter -- Restatement of June 30, 2012 financial statements**

As further discussed in Note 14, an allocation of state general obligation bond proceeds from the State of Louisiana Capital Outlay Fund was not included in the financial statements for the year ended June 30, 2012, resulting in a restatement of those financial statements.

### **Other Matters**

Required Supplementary Information. Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. My audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying supplemental schedule of investments and the Annual Fiscal Report required by the Louisiana Department of Administration are presented for the purpose of additional analysis and are not required parts of the basic financial statements of the Louisiana Economic Development Corporation.

The supplemental schedule of investments and the Annual Fiscal Report are the responsibility of management and were derived and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued a report dated September 27, 2013, on my consideration of the Louisiana Economic Development Corporation's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "J. Aaron Coogan, CPA, LLC". The signature is written in a cursive, flowing style.

DeRidder, Louisiana  
September 27, 2013



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2013**

The Management's Discussion and Analysis of Louisiana Economic Development Corporation's financial performance presents a narrative overview and analysis of Louisiana Economic Development Corporation financial activities for the year ended June 30, 2013. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Louisiana Economic Development Corporation's financial statements.

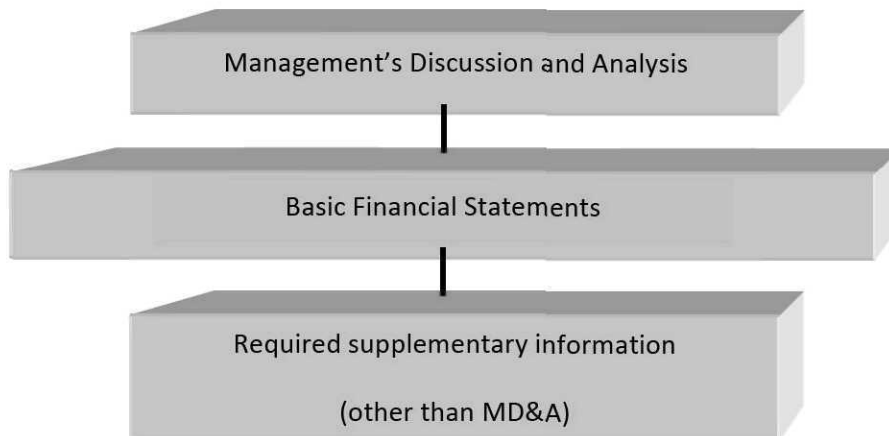
**FINANCIAL HIGHLIGHTS**

For the fiscal year ending June 30, 2013, Louisiana Economic Development Corporation started with a budget of \$38,638,204 (including appropriation for Capital Outlay). We had rollover adjustments in the amount of \$5,798,441 leaving the final authorization at \$44,436,645. The final budget of \$44,436,645 is an increase of \$7,823,831, or 21.4% over last year's budget of \$36,612,814.

The 2013 investments at fair market value are \$16,563,432 compared to \$17,148,083 in 2012. The Louisiana Economic Development Corporation has hired an independent banking firm, Chaffe & Associates, to determine the valuation of investments. The decrease is mainly due to the write downs.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2013**

**Basic Financial Statements**

The basic financial statements present information for the Louisiana Economic Development Corporation and its subsidiaries as a whole in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana Economic Development Corporation is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how Louisiana Economic Development Corporation's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement presents information showing how the Louisiana Economic Development Corporation's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

The following is a condensed Balance Sheet for the Corporation at June 30, 2013 and 2012:

Balance Sheet as of June 30, 2013 and 2012		
	Total	
	2013	2012
Current and other assets, unrestricted	\$ 46,338,388	\$ 39,651,105
Current and other assets, restricted	-	-
Other assets	37,734,076	38,926,520
Total assets	<u>84,072,464</u>	<u>78,577,625</u>
Current liabilities	8,842,134	5,709,386
Long-term debt outstanding	1,088,471	1,360,580
Total liabilities	<u>9,930,605</u>	<u>7,069,966</u>
Net position:		
Restricted	-	-
Unrestricted	74,141,859	71,507,659
Total net position	<u>74,141,859</u>	<u>71,507,659</u>
Total liabilities and net position	<u>\$ 84,072,464</u>	<u>\$ 78,577,625</u>



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2013**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. Conversely, unrestricted net assets are those that do not have any limitations for what these amounts may be used.

The following is a condensed statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2013 and 2012:

Statement of Revenues, Expenses, and Changes in Fund Net Assets for the years ended June 30, 2013 and 2012		
	Total	
	2013	2012
Operating revenues	\$ 980,849	\$ 2,986,252
Operating expenses	17,323,224	21,230,388
Operating income(loss)	(16,342,375)	(18,244,136)
Non-operating revenues(expenses)	18,976,575	5,920,018
Changes in net assets	\$ 2,634,200	\$ (12,324,118)

There was an interagency transfer made out of the fund in 2012 for the Dept. of Economic Development (\$12,331,838) which caused the reduction in Non-operating revenues(expenses).

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Louisiana Economic Development Corporation does not have any capital assets or debt.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

The appropriation for Louisiana Economic Development Corporation is dedicated each year from the dedicated Louisiana Economic Development Fund, although it receives operating and non-operating income during the year. The revenue for 2013 was \$15,117,535, which was \$1,974,774 over the expected revenue budget of \$13,142,761. This difference of \$1,974,774 is due to investment returns

**ECONOMIC FACTORS AFFECTING THIS YEARS FINANCIAL CONDITION AND NEXT YEAR'S BUDGET**

The primary factors affecting Fiscal Year 2012-2013 financial condition of Louisiana Economic Development Corporation were outside factors to the change in the economic market due to the continuing recovery of Hurricanes Gustav and Ike in 2008 and the oil rig explosion in the Gulf of Mexico on April 20, 2010. In addition the volatility of oil and gas prices have had an impact on the State's budget.



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2013**

The economy was beginning to recover from the events of September 11, 2001, when the massive destruction caused by the hurricanes in the southern region of the United States occurred. A vast majority of the demand is still being handled by recovery funds established to assist those most affected by the hurricane devastations. The spill has caused extensive damage to the Gulf's fishing and tourism industries and the subsequent drilling moratorium has put many Louisianans out of work. Decrease in the hurricane recovery funds, increase in new businesses, and increase in marketing trips should increase demand for all programs.

Although the national economy has been in a downturn, Louisiana has fared far better than most states due to the recovery efforts. Louisiana is well below both the National average and the southern indicators in the unemployment rate. Accordingly, Louisiana's employment rate has been stable throughout the recession. This is largely due to the recovery efforts from the Hurricanes, but also the aggressive action taken by the Governor and the Department of Economic Development to bring new jobs and companies to Louisiana, while continuing to grow the businesses already here.

Management continues to monitor the health of the guarantee portfolio for losses due to the economy. The investment portfolio is directly tied to the health of the market; however, there are some investments that are being held that may be liquidated this year with others to be liquidated within the next five years. The fact that the Economic Development Fund is a dedicated, revolving fund allows Louisiana Economic Development Corporation to request additional funds as needed, but due to increased activity and legislative requests, the fund amount has decreased enormously.

**CONTACTING THE LOUISIANA ECONOMIC DEVELOPMENT CORPORATION'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Louisiana Economic Development Corporation and its subsidiaries' finances and to show the Louisiana Economic Development Corporation and its subsidiaries' accountability for the money it receives. If you have questions about this report or need additional financial information, contact Anne Villa, Undersecretary, at (225) 342-3000.



**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**

**BALANCE SHEETS**

**JUNE 30, 2013 AND 2012**

	<u><b>ASSETS</b></u>	2013	2012 (As Restated)
<b>Current assets</b>			
Cash and cash equivalents		\$ 16,647,953	\$ 18,027,231
Accrued interest receivable		2,103	791,689
Due from State of Louisiana - Capital Outlay Fund		23,547,378	14,424,180
Accrued vendor compensation receivable		1,929,120	1,967,453
Loans, net		935,314	345,033
Deferred awards expense		<u>3,276,520</u>	<u>4,095,519</u>
Total current assets		46,338,388	39,651,105
<b>Noncurrent assets</b>			
Certificates of deposit		12,597,300	12,269,237
Loans, net		1,428,328	1,410,725
Investments, at cost net of impairments		16,563,432	17,148,083
Deferred awards expense		7,095,387	7,933,745
Other receivables		<u>49,629</u>	<u>164,730</u>
Total noncurrent assets		<u>37,734,076</u>	<u>38,926,520</u>
<b>Total Assets</b>		<u><u>\$ 84,072,464</u></u>	<u><u>\$ 78,577,625</u></u>
	<u><b>LIABILITIES AND NET ASSETS</b></u>		
<b>Current liabilities</b>			
Accounts payable and accrued expenses		\$ 827,335	\$ 1,505,205
Deferred revenue		<u>8,014,799</u>	<u>4,204,181</u>
Total current liabilities		8,842,134	5,709,386
<b>Noncurrent liabilities</b>			
Accrual for losses on loan guarantees		<u>1,557,522</u>	<u>1,360,580</u>
Total liabilities		10,399,656	7,069,966
<b>Net assets</b>			
Unrestricted		<u>73,672,808</u>	<u>71,507,659</u>
Total net assets		<u>73,672,808</u>	<u>71,507,659</u>
<b>Total Liabilities and Net Assets</b>		<u><u>\$ 84,072,464</u></u>	<u><u>\$ 78,577,625</u></u>

The accompanying notes are an integral part of these statements.



**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012 (As Restated)
<b>Operating revenues</b>		
Interest income:		
Interest on loans	\$ 360,883	\$ 34,030
Interest on deposits	68,135	104,027
Dividend income	567,929	58,586
Realized gain (loss) on investments	(16,098)	2,755,954
Other	<u>-</u>	<u>33,655</u>
Total operating revenues	980,849	2,986,252
<b>Operating expenses</b>		
Provision (credit) for losses:		
Direct and participation loans	107,273	(160,092)
Guaranteed loans	196,942	(551,394)
Unrealized loss on investments	118,506	3,321,522
Salaries and employee benefits	489,644	510,195
Management and professional fees	75,021	78,703
Business Incentives Services grants	14,692,995	13,140,735
Capital Outlay grants	2,071,623	4,830,900
Administrative fees	14,076	13,697
Travel	<u>26,195</u>	<u>46,122</u>
Total operating expenses	<u>17,792,275</u>	<u>21,230,388</u>
<b>Operating loss</b>	<u>(16,811,426)</u>	<u>(18,244,136)</u>
<b>Nonoperating revenues (expenses)</b>		
Intergovernmental:		
Vendors' compensation	9,781,270	9,719,756
Interagency transfers in - State General Fund	-	-
Interagency transfers in - State Capital Outlay Fund	10,000,000	10,000,000
Interagency transfer out - Department of Economic Development	-	(12,331,838)
Interagency transfer out - Small and Emerging Business Development	(1,371,781)	(1,689,598)
Federal revenues	543,059	143,488
Interest on funds held by State Treasurer	<u>24,027</u>	<u>78,210</u>
Total nonoperating revenues (expenses)	<u>18,976,575</u>	<u>5,920,018</u>
<b>Change in net assets</b>	2,165,149	(12,324,118)
<b>Net assets - beginning of year</b>	<u>71,507,659</u>	<u>83,831,777</u>
<b>Net assets - end of year</b>	<u><u>\$ 73,672,808</u></u>	<u><u>\$ 71,507,659</u></u>

The accompanying notes are an integral part of these statements.



**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012 (As Restated)
<b>Cash flows from operating activities:</b>		
Interest and dividends received	\$ 1,786,533	\$ 782,193
Received from customers	-	33,655
Payments to suppliers	(139,055)	(138,522)
Payments of program awards	(17,009,250)	(18,659,400)
Payments to or on behalf of employees	(482,214)	(527,238)
Net cash used in operating activities	(15,843,986)	(18,509,312)
<b>Cash flows from noncapital and related financing activities</b>		
Appropriations funding received/(relinquished)	(494,979)	(11,488,985)
Vendors' compensation	9,819,603	9,841,448
Decrease in due to State of Louisiana	-	(34,585,976)
Receipts of Federal funding	4,353,677	4,347,670
Net cash provided by (used in) noncapital and related financing activities	13,678,301	(31,885,843)
<b>Cash flows from investing activities</b>		
Increase in certificates of deposit	(328,063)	(1,043,557)
Purchases of investments	(1,102,443)	(1,089,367)
Change in other receivable	115,101	285,020
Proceeds from sales and return of capital of investments	1,552,490	4,236,473
Interest on funds held at State Treasury	24,027	78,210
Payments on guarantees, net of recoveries	-	483,702
Principal payments on loans receivable	525,295	7,551,685
Net cash provided by investing activities	786,407	10,502,166
<b>Change in cash and cash equivalents</b>	(1,379,278)	(39,892,989)
<b>Cash and cash equivalents - beginning of year</b>	18,027,231	57,920,220
<b>Cash and cash equivalents - end of year</b>	<u>\$ 16,647,953</u>	<u>\$ 18,027,231</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss	\$ (16,811,426)	\$ (18,244,136)
(Provision) credit for losses on loans and guarantees	304,215	(711,486)
Realized gain (loss) on sales of investments	16,098	(2,755,954)
Unrealized loss on investments	118,506	3,321,522
Change in accrued interest and dividends receivable	789,586	585,550
Amortization of job credit awards	3,350,886	4,095,519
Change in deferred job credit awards	(2,933,981)	(1,527,365)
Change in accounts payable and accrued expenses	(677,870)	(1,991,653)
Net cash used in operating activities activities	<u>\$ (15,843,986)</u>	<u>\$ (17,228,003)</u>

The accompanying notes are an integral part of these statements.



LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Scope of Reporting Entity**

Organization

The Louisiana Economic Development Corporation ("LEDC") is a public authority whose purpose is to stimulate the flow of private capital in the form of long-term loans and other financial assistance for the sound financing of the development, expansion, and retention of small business concerns in the State of Louisiana as a means of providing high levels of employment, income growth, and expanded social and economic opportunities, especially to disadvantaged persons and within distressed areas. It is a component unit of the State of Louisiana and was authorized by Louisiana Revised Statutes 51:2311.

Effective July 1, 2001 pursuant to Act No. 9 dealing with House Bill No. 1666, the authority for the administration of the Workforce Development and Training Program (Workforce) and the Economic Development Award Program (EDAP) was transferred from the Department of Economic Development to the LEDC. Additionally, in June 2012 LEDC introduced a new program called the Economic Development Site Readiness Program (EDRED). Workforce provides training services to employers. EDAP provides funding for public infrastructure near sites in exchange for new employment. EDRED provides funding to local governments and economic development districts to improve sites in order to attract new businesses. The financial activities of these three programs are also included in these financial statements.

Reporting Entity

Governmental Accounting Standards Board Statement No.14 established criteria for determining which component units should be considered part of the State of Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the state to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the state.
2. Organizations for which the state does not appoint a voting majority but are fiscally dependent on the state.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.



LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

The Louisiana Economic Development Corporation is considered to be a component unit of the State of Louisiana due to the fact that the state appoints its Board of Directors and has the ability to impose its will on the organization. The accompanying basic financial statements present only transactions of the Louisiana Economic Development Corporation.

Annually the State of Louisiana through the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy issues both comprehensive and basic financial statements which include the activity contained in the accompanying basic financial statements. The basic financial statements of the state are audited by the Louisiana Legislative Auditor.

Basis of Consolidation

The financial statements contained in this report include the consolidated financial position and results of operations and cash flows of Louisiana Economic Development Corporation and its wholly-owned Louisiana Growth Fund, LLC (collectively "LEDC"). All significant intercompany accounts have been eliminated in consolidation.

**B. Measurement Focus and Basis of Accounting**

Measurement Focus

On July 1, 2001, the LEDC adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements -and Management's Discussion and Analysis -for State and Local Government."* Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a balance sheet, a statement of activities and changes in net assets and a statement of cash flows.

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

The LEDC uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred or economic asset used. Under the provisions of GASB Statement 20, "Accounting and Financial Reporting for Proprietary Fund Accounting," LEDC follows pronouncements of the GASB and has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.

Interest income on loans and debt instruments is generally accrued on the principal balance outstanding. The accrual of interest income on loans and debt instruments is discontinued when the receipt of principal and interest on a timely basis becomes doubtful. Any accrued interest is reversed when a loan is placed on nonaccrual.



LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**C. Assets, Liabilities, and Net Assets**

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments (including LEDC's share of pooled investments held in the state treasury) with a maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. The majority of receivables are in the form of loans and the related interest, and amounts due for vendor compensation. The allowance for loan losses is discussed in the next section.

Allowance for Losses on Loans and Guarantees

Valuation allowances have been established and are available for absorbing losses incurred on loans and guarantees. All losses are charged to either the reserve for loan losses or the accrual for losses on guarantees when the loss actually occurs or when a determination is made that a loss is likely to occur. Recoveries are credited to the allowance or accrual at the time of recovery.

Management's judgment as to the level of future losses on existing loans and guarantees involves the consideration of current and anticipated economic conditions and their potential effects on specific borrowers; an evaluation of the existing relationships among loans, potential losses, and the present level of the allowance and the accrual; and management's internal review of the loan and loan guarantee portfolio. In determining the collectability of certain loans and the possibility of losses on loan guarantees, management also considers the fair value of any underlying collateral.

Foreclosed Real Estate

Real estate properties acquired through, or in lieu of, loan foreclosures are initially recorded at the lower of the carrying amount, or fair value less costs to sell, which becomes the property's new cost basis. After foreclosure, foreclosed assets are carried at the lower of (a) fair value minus estimated costs to sell or (b) their new cost basis. Costs relating to development and improvement of property are capitalized, whereas costs relating to the holding of property are expensed. There was no foreclosed real estate as of June 30, 2013 and 2012.



LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Investments

The Corporation records its investments at estimated fair value or at cost if fair value is not readily determinable (e.g., publicly-traded). Fair value generally is considered to be the amount which the corporation might reasonably expect to receive for its investments if negotiations for sale were entered into on the valuation date. Valuation as of any particular date, however, is not necessarily indicative of the amount which the corporation ultimately may realize as a result of a future sale or other disposition of the investments.

In preparing the financial statements, the Corporation's management is required to make significant judgments that affect the reported amounts of investments as of the date of the balance sheet and the change in unrealized appreciation (depreciation) for the period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the value that would have been used had a ready market for the investments existed and these differences could be material.

The process of valuing investments requires significant judgments that are particularly susceptible to change. The corporation's management believes that investment values are appropriate. While the corporation's management uses available information to recognize declines in investment values, future adjustments may be necessary based on changes in economic conditions or changes in the results of the operations of investee companies.

The valuation policies of the Corporation's management in determining the fair value of the corporation's investments include the following:

- Marketable securities listed on a national securities exchange are valued at their closing sales price on the valuation date;
- Marketable securities traded over-the-counter are valued at their closing bid price on the valuation date, as reported in the National Association of Securities Dealers' Automated Quotation System (NASDAQ) or if not reported in NASDAQ, as reported by the National Quotation Bureau (or any successor to such organization) ;
- Restricted securities (securities not freely marketable, but part of a class of securities listed on a national securities exchange or traded over-the-counter) are valued at a discount from the security's value determined under the above subsections, reflecting their limited marketability; and
- All other securities are valued initially at cost with subsequent adjustments to values which reflect meaningful third-party transactions in the private market or at fair market value reflecting, in any event, their marketability, the business and prospects of the issuer of such securities and other relevant factors.



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During the years ended June 30, 2013 and 2012, the Corporation engaged an independent third party investment banker to perform valuations of certain investments. As of June 30, 2013 and 2012, the Corporation's investments have been written down to their estimated impaired values, as determined by the independent appraisal, as applicable. See Note 3 for further details.

Fixed Assets

Effective July 1, 2001, all of LEDC's fixed assets were transferred to the Department of Economic Development (DED) due to the restructuring by the State of Louisiana to include LEDC within DED. Consequently, fixed assets are not reflected in the accompanying balance sheet at June 30, 2013 and 2012. Due to the immateriality of the items acquired, the cost is generally expensed as incurred. Inventory records are maintained by the purchasing department of the Department of Economic Development which conducts an annual physical inventory of each sub-department including LEDC.

Deferred awards expense

Under the EDAP program, LEDC has entered into agreements to finance public infrastructure related to new or expanded commercial facilities. As part of the agreement, these awards do not have to be repaid to LEDC if the new facilities create and sustain a certain number of new jobs as approved by LEDC's board of directors. Payments under this program are recorded as deferred awards expense and are amortized as the job creation thresholds are met. Deferred awards are evaluated in a manner similar to loans and loan guarantees and a valuation allowance is established accordingly.

Deferred revenue

LEDC participates in a Federal program sponsored by the US Department of the Treasury called State Small Business Credit Initiative (SSBCI). The State of Louisiana was allocated \$13,168,350 to be used for a guaranteed loan program and a venture capital program. These programs are being administered by LEDC. The funds will be distributed by the Department of the Treasury in three installments. As of June 30, 2013, LEDC has received its first two installments totaling \$8,691,111 which was recorded as deferred revenue. Revenue of \$542,861 and \$143,686 was recognized for the years ended June 30, 2013 and 2012 respectively, equal to the amount of expenses charged to the program.

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. State law allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment of annual and sick leave which would otherwise have been used to compute years of service for retirement. The liability for unused annual leave payable at June 30, 2013 and 2012 is \$25,105, and \$26,047, respectively. The leave payable is recorded in the accompanying consolidated financial statements.



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Other Post-Employment Benefits

In June 2004, the Government Accounting Standards Board issued GASB Statement No. 45 "Accounting and Financial Reporting by Employees for Postretirement Benefits and Other than Pensions." This statement's objective is to establish uniform standards of financial reporting by state and local government entities for other postemployment benefits (OPEB) including post-employment healthcare benefits. This Statement provides standards for measurement, recognition, and display of the OPEB expenses and related liabilities, note disclosures, and required supplementary information. This statement will require an actuarial valuation of the OPEB liability on at least a biennial basis. Management asserts that all OPEB related to retired LEDC employees will be paid by DED and the related OPEB liability will be reflected in DED's financial statements.

Equity Classifications

Equity is classified as net assets and displayed in two components:

- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of "restricted."

**D. Revenues and Expenses**

Operating revenues and expenses consists of those revenues and expenses that result from the ongoing principal operations of the LEDC. Operating revenues consist primarily of interest and dividend income from loans and investments, increases and (decreases) in the fair value of investments, as well as other income and guarantee fees. Non-operating revenues consist of intergovernmental revenues and the interest earned thereon and result from nonexchange transactions.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the LEDC's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

**E. Reclassifications**

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.



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**NOTE 2 – DEPOSITS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law LEDC may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

Deposits at June 30, 2013 were secured as follows:

	Short-term Deposits at Banks	Nonnegotiable Certificates of Deposit	Held by State Treasury	Total
Balance per agency books	\$ 653,593	\$ 12,597,300	\$ 15,994,360	\$ 29,245,253
Deposits in bank accounts per bank	\$ 653,593	\$ 12,597,300	\$ -	\$ 13,250,893
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and undercollateralized.	\$ -	\$ -	\$ -	\$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	-	-	-	-
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency <u>but not in the entity's name.</u>	403,593	10,129,550	-	10,533,143
Total Category 3 bank balances	\$ 403,593	\$ 10,129,550	\$ -	\$ 10,533,143

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, LEDC's deposits may not be returned to it. As of June 30, 2013, \$10,533,143 of the LEDC's bank balance of \$13,250,893 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.



LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
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**NOTE 3 – INVESTMENTS**

The cost, carrying value, and fair value of LEDC investments at June 30, 2013 and 2012 were as follows:

<b>2013</b>					
Investment Type	Cost	Write-downs for Impairment	Carrying Value	Gross Unrealized Gains	Fair Value
Debt investments	\$ 500,000	\$ (500,000)	\$ -	\$ -	\$ -
Equity investments	42,958,295	(26,394,863)	16,563,432	10,051,572	26,615,004
	<u>\$ 43,458,295</u>	<u>\$ (26,894,863)</u>	<u>\$ 16,563,432</u>	<u>\$ 10,051,572</u>	<u>\$ 26,615,004</u>
<b>2012</b>					
Investment Type	Cost	Write-downs for Impairment	Carrying Value	Gross Unrealized Gains	Fair Value
Debt investments	\$ 500,000	\$ (500,000)	\$ -	\$ -	\$ -
Equity investments	47,266,321	(30,118,238)	17,148,083	11,221,147	28,369,230
	<u>\$ 47,766,321</u>	<u>\$ (30,618,238)</u>	<u>\$ 17,148,083</u>	<u>\$ 11,221,147</u>	<u>\$ 28,369,230</u>

Investments consist of securities for which market quotations are not readily available and, as such, are reflected at original cost less any return of capital. Such securities are restricted as to salability or transferability. Realized gains and losses are calculated independently of net change in fair value of investments. Realized gains or losses on investments that had been held in more than one fiscal year and sold in the current year have been included as a net change in the fair value of investments reported in prior years and the current year.

As of June 30, 2013, the Authority had the following debt investments and maturities:

Investment Type	Cost less Principal Reductions	Fair Value	Less Than One Year	1-5	6-10
Debt investments	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Proceeds from maturities of debt investments for the year ended June 30, 2013 and 2012 were \$391,895 and \$302,101, respectively.

Interest Rate Risk

Due to the nature of the operations of LEDC in that debt investments are made to start-up type companies and bear high interest rates, the risk of these companies refinancing elsewhere is low since these companies may not be able to obtain traditional financing.



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Credit Risk

The LEDC sometimes invests during the year in commercial paper that is rated in the top two ratings issued by nationally recognized statistical rating organizations (NSROs). At June 30, 2013 and 2012, there were no investments in commercial paper. Currently, all debt investments are issued by start-up type companies. As such, these debt securities are unrated.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2013, none of the debt investments owned by LEDC were subject to custodial credit risk since these were held by LEDC.

Concentration of Credit Risk

In an effort to diversify the risk in the investment portfolio, the management of LEDC follow established policies. In addition, management attempts to avoid concentrations in any one industry or customer group. Management believes that at original cost, the investment portfolio had no significant industry or customer concentrations in the fiscal year ended June 30, 2013 and 2012.

LEDC places no limits on the amount it may invest in any one issuer. At June 30, 2013, more than five percent of total investments are invested in the following issuers:

Issuer	Carrying Amount	Fair Value	% of Total Investments
Aurora Ventures IV, LLC	\$ 1,478,401	\$ 2,301,173	8.93
Business Resource Capital Specialty BIBCO	\$ 1,700,000	\$ 1,700,000	10.26
Engame Entertainment Fund, LLC	\$ 1,572,937	\$ 1,912,729	9.50
Louisiana Fund I, LP	\$ 4,121,876	\$ 10,525,653	24.89
Louisiana Venture Fund	\$ 3,512,478	\$ 4,300,918	21.21
Murphree Venture Partners VI, LP	\$ 1,446,874	\$ 1,446,874	8.74

Gross realized gains/(losses) for the years ended June 30, 2013 and 2012 was (\$16,093) and \$2,755,954, respectively.



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NOTES TO FINANCIAL STATEMENTS  
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For the years ended June 30, 2013 and 2012, the following impairments of the carrying value of investments have been recorded:

Issuer	Changes in Impairment	
	2013	2012
Audubon Capital Fund, LP	\$ (323,697)	\$ (1,313,164)
Aurora Ventures IV, LLC	524,380	-
Birchmere Venture II, LP	(464,756)	-
Business Resource Capital Specialty BIBCO	(80,000)	-
Engame Entertainment Fund, LLC	-	(1,021,920)
Genesis Offshore, LLC	-	200,976
GlobalStar, Inc.	258,346	(447,061)
Gulf Coast Analytical Laboratories, Inc.	-	42,857
IMDiversity, Inc.	-	400,000
Jefferson Capital 1, LP	318,694	-
Murphree Venture Partners VI, LP	(378,179)	(1,183,210)
Sterifx, Inc.	46,039	-
Themelios II, LP	(19,333)	-
	<u>\$ (118,506)</u>	<u>\$ (3,321,522)</u>

In its normal course of business, LEDC becomes party to various financial transactions that involve various risks, including market and credit risk. The management of LEDC minimizes exposure to loss from investing activities by evaluating the business prospects of potential investee companies.

In an effort to diversify the risk in the investment portfolio, the management of LEDC follow established policies which require them to avoid concentrations in any one industry or customer group. Management believes that at original cost, the investment portfolio had no significant industry or customer concentrations in the fiscal year ended June 30, 2013 and 2012.

Louisiana Growth Fund, LLC (the Fund) was formed under the laws of the State of Louisiana on November 1, 1997 to provide venture capital financing through loans or stock purchases in small business enterprises maintaining headquarters and production facilities in Louisiana. The Fund is comprised of one member, Louisiana Economic Development Corporation. Pursuant to an Investment and Management Services Agreement (the Agreement), the Fund is managed by Stonehenge Financial Holdings, Inc. (Stonehenge), formerly known as Banc One Capital Markets, Inc. Stonehenge provides the Fund with administrative services and is responsible for identifying, investigating, evaluating and making investments in small business enterprises.

Under the Agreement, Stonehenge will receive an annual fee of 1.25% of the initial \$5,000,000 capital contribution less any funds returned to the Fund from the sale or liquidation of investments, adjusted quarterly. During the year ended June 30, 2009, \$2,200,000 of member capital was returned to LEDC. In addition to the annual fee, Stonehenge is entitled to receive 20% of net investment income and net realized gains from dispositions of investments by the Fund after the initial \$5,000,000 capital contribution is recovered by the Fund in cash or publicly marketable securities. Louisiana Growth Fund ceased operations in June 2012 and all of its assets were transferred to LEDC. At that time, all assets were transferred to LEDC.



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Under state law, LEDC may invest in, among other things, obligations of the US Treasury or any other federally insured investment as well as common or preferred stock of certain closely-held businesses. As of June 30, 2013, LEDC had the following unfunded investment commitments:

- LEDC had \$1,746,646 invested in Audubon Capital Fund and certificates of deposit at Washington State Bank totaling \$735,354 which is the remaining balance of the \$2,500,000 LEDC had committed to invest in Audubon Capital. The bank has issued a letter of credit for the \$735,354, which is secured by the certificates of deposit.
- LEDC had \$5,266,250 invested in the Louisiana Fund I with an unfunded commitment of \$108,750 (total commitment of \$5,375,000). Funds securing this unfunded commitment are invested in a certificate of deposit at Washington State Bank.
- LEDC had \$4,750,000 invested in Louisiana Venture Fund with an unfunded commitment of \$250,000 (total commitment of \$5,000,000). Funds securing this unfunded commitment are invested in a certificate of deposit at Washington State Bank.
- LEDC had \$450,000 funded in New Orleans Startup Fund with an unfunded commitment of \$550,000 (total commitment of \$1,000,000).
- LEDC had \$333,333 invested in Themelios Venture II, LLC, with an unfunded commitment of \$666,667 (total commitment of \$1,000,000).
- LEDC has committed \$1,000,000 to the Healthcare Innovation Fund which has not been funded at year end.

**NOTE 4 – LOANS**

The balance in the LEDC's loan portfolio consisted of the following at June 30, 2013 and 2012:

	2013	2012
Direct loans	\$ 209,433	\$ 315,799
Participation loans	470,919	470,919
Economic development loans	<u>2,571,323</u>	<u>1,749,799</u>
Total loans	3,251,675	2,536,517
Allowance for loan losses	<u>(888,032)</u>	<u>(780,759)</u>
Loans, net	<u><u>\$ 2,363,643</u></u>	<u><u>\$ 1,755,758</u></u>



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Activity in the allowance for loan losses was as follows for the years ended June 30, 2013 and 2012:

	2013	2012
Beginning balance	\$ 780,759	\$ 940,851
Provision (credit) for loan losses	107,273	(160,092)
Charge-offs	-	-
Ending balance	<u>\$ 888,032</u>	<u>\$ 780,759</u>

The Louisiana Legislature passed Act Number 585 of the 2004 Regular Session which ordered LEDC to execute a loan from monies in the Louisiana Economic Development Fund in fiscal year 2004-2005 to the Louisiana Stadium and Exposition District in an amount sufficient for the district to pay contractual obligations of the district relative to professional sports franchises, not to exceed \$7,500,000, for a repayment period not to exceed eight years payable on an annual basis beginning after the end of the 2005-2006 fiscal year. After the payment in full of all contractual, necessary, statutory, and usual charges, including any indebtedness heretofore or hereafter issued by the district, the loan shall be repaid from the revenues received by the district in any fiscal year which exceeds the amount of revenues received by the district in fiscal year 2004 -2005 together with a growth factor equal to the increase in the consumer price index. In accordance with the provisions of this Act, this \$7,500,000 loan was made in July 2004. All principal and part of the accrued interest for this loan was paid off in June 2013. The remaining \$791,698 of accrued interest was paid off in July 2012.

There were no direct loans or participation loans approved but unfunded at June 30, 2013 and 2012.

Scheduled maturities of loans as of June 30, 2013, are as follows:

Loan Type	Principal Balance	Maturities		
		Less than One Year	1-5	6-10
Direct loans	\$ 209,433	\$ 114,486	\$ 94,947	\$ -
Participation loans	470,919	-	470,919	-
Economic development loans	2,571,323	820,828	1,326,670	423,825
	<u>\$ 3,251,675</u>	<u>\$ 935,314</u>	<u>\$ 1,892,536</u>	<u>\$ 423,825</u>

Concentration of Credit Risk

In an effort to diversify the risk in the loan portfolio, the management of LEDC and its subsidiaries follow established policies. In addition, management attempts to avoid concentrations in any one industry or customer group.



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LEDC places no limits on the amount it may lend in any one borrower. At June 30, 2013, more than five percent of total loans are due from the following borrowers:

Borrower	Carrying Amount	% of Total Loans
MV Realty, Inc.	\$ 470,919	14.5%
Town of Colfax, Louisiana	\$ 763,221	23.5%
North Webster Parish Industrial Development	\$ 584,924	18.0%
Accent Marketing	\$ 915,784	28.2%

**NOTE 5 – ACCRUAL FOR LOSSES ON LOAN GUARANTEES**

To meet the financing needs of its customers, LEDC is a party to various financial instruments with off-balance sheet risk in the normal course of business. These financial instruments consist primarily of financial guarantees. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the combined balance sheet. The contract or notional amounts of those instruments reflect the extent of the involvement LEDC has in particular classes of financial instruments. LEDC's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for financial guarantees is represented by the contractual notional amount of those instruments. LEDC uses the same credit policies in making these commitments and conditional obligations as it does for on-balance sheet instruments.

LEDC evaluates customers' creditworthiness on a "case-by-case" basis. The amount of collateral obtained, if considered necessary by LEDC upon extension of credit, is based on management's credit evaluation of the customer.

Financial guarantees are conditional commitments issued by LEDC to guarantee the performance of a customer to a third party. The credit risk involved in issuing financial guarantees is essentially the same as that involved in extending loan facilities to its customers.

At June 30, 2013, LEDC had guaranteed \$7,335,949 of \$10,178,171 of loans to customers made by various banks.

Changes in the accrual for losses on loan guarantees are summarized as follows:

	2012	2011
Beginning balance	\$ 1,360,580	\$ 1,428,272
Provision (credit) for losses on guarantees	196,942	(551,394)
Guarantee payment made	-	483,702
Recoveries	-	-
Ending balance	<u>\$ 1,557,522</u>	<u>\$ 1,360,580</u>



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**NOTE 6 – RETIREMENT PLAN**

Substantially all of the employees of LEDC are members of the Louisiana State Employees' Retirement System (LASERS), a cost sharing multiple employer defined benefit pension plan. The LASERS System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Louisiana Economic Development Corporation employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and LEDC is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate was 22.0%, 18.6% and 20.4% of annual covered payroll for the fiscal years ended June 30, 2013, 2012, and 2011, respectively. LEDC's contributions to the System for the years ending June 30, 2013, 2012 and 2011, were \$97,688, \$91,163, and \$73,715, respectively, equal to the required contributions for each year.

**NOTE 7 – BOARD COMPENSATION AND PER DIEM**

Members of the Board of Directors of LEDC do not receive compensation or per diems; however, they are reimbursed for travel expenses incurred on behalf of the corporation. The following schedule sets forth the names and amounts paid to board members for travel expenses for the years ended:

Name	2013	2012
A. J. Roy, III	\$ -	\$ 923
Michael Saucier	242	482
Shelly Ferro	-	428
Harry Avant	-	1,308
Bal Sareen	-	143
	<u>\$ 242</u>	<u>\$ 3,284</u>



LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
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**NOTE 9 – DEFERRED AWARDS EXPENSE**

Deferred awards expense results from awards funded as of the end of the year that have not yet been expensed as the conditions of recognition have not yet been met. This primarily results from EDAP capital outlay awards where the award is conditioned on meeting certain job creation thresholds as approved by LEDC board of directors. The awards are expensed as these thresholds are met. A portion of the deferred awards relates to two zero percent interest loans made under the Economic Development Loan Program. Management has imputed interest on these loans at market rates at the origination of the loan and an offset to the unamortized discount is carried on the books as deferred awards. The valuation allowance for impairment of deferred awards expense was \$5,272,850 and \$8,065,922 at June 30, 2013 and 2012, respectively.

**NOTE 10 – UNFUNDED CONTRACT COMMITMENTS**

The following amounts were approved contracts under the EDAP and EDRED programs but unfunded as of June 30, 2013:

Economic Development Capital Outlay Program	<u>\$ 1,039,352</u>
Economic Development Site Readiness Program	<u>\$ 2,503,946</u>

**NOTE 11 –DISAGREGATION OF PAYABLES BALANCES**

Accounts Payable and Accrued Expenses at June 30, 2013 and 2012, were as follows:

	2013	2012
Accounts	\$ 3,024	\$ -
Salaries and benefits	53,701	46,271
EDAP, Workforce, and Matching grants	770,611	1,458,934
Ending balance	<u>\$ 827,336</u>	<u>\$ 1,505,205</u>

**NOTE 12 – STATE OF LOUISIANA CAPITAL OUTLAY FUND**

The Louisiana State Legislature periodically appropriates funds from bond issues to be used by the Louisiana Economic Development Corporation for capital projects awards. These appropriations are recorded as a receivable from the State Capital Outlay Fund and are drawn down as these projects are funded. As of June 30, 2013, a total of \$41,895,000 had been appropriated to date. Of this amount, \$18,347,622 had been spent, leaving \$23,547,378 receivable at June 30, 2013.



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**NOTE 13 – SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 27, 2013, which is the date the financial statements were available to be issued.

**NOTE 14 – PRIOR PERIOD RESTATEMENT**

The accompanying financial statements for the year ended June 30, 2012, have been restated to include an allocation of State of Louisiana general obligation bond proceeds that were approved by the Louisiana Bond Commission in November 2011. As a result, Due from State of Louisiana Capital Outlay Fund and Interagency Transfers In - State Capital Outlay Fund were increased by \$10,000,000 for that year.



## **SUPPLEMENTAL INFORMATION**



**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**SUPPLEMENTAL SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2013**

	<u>Cost</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<b>Debt Investments</b>			
Greentech Panels, L.L.C. - 12% promissory note due November 2007	\$ 500,000	\$ -	\$ -
Total debt investments	500,000	-	-
<b>Equity Investments</b>			
AIR2LAN of Louisiana, Inc. - 5,681,818 shares of Series A preferred stock	500,000	-	-
Audubon Capital Fund, LP - 14.09% limited partnership interest	1,420,896	-	-
Aurora Ventures IV, L.L.C. - Five Class A units (6.63% ownership)	4,426,183	1,478,401	2,301,173
Birchmere Venture II, L.P. - 6.471% ownership	469,547	4,791	4,791
Business Resource Capital Specialty BIDCO - 2,000,000 shares of Class B nonvoting common stock	2,000,000	1,700,000	1,700,000
Certia, Inc.	500,000	-	-
Endgame Entertainment Fund, L.L.C. - 4.8% ownership	5,000,000	1,572,937	1,912,729
Globalstar, Inc. - 1,237,124 shares Preferred Class E*	784,303	680,418	680,418
GoAntiques, Inc. - 454,548 shares common stock	500,000	-	-
Golfballs.com, Inc. - 300,000 shares Series A convertible preferred stock	300,000	-	-
Gulf Coast Analytical Laboratories, Inc. - 1077 shares of Series A preferred stock	70,000	-	-
Gulf Coast Business and Industrial Development Corporation - 113,636 shares Class C common stock	2,500,000	383,499	998,864
Jefferson Capital I, L.P. - 9.0% limited partner- ship interest	681,306	531,135	581,009



	Cost	Carrying Value	Fair Value
Louisiana Fund I, L.P. - 20.69% limited partnership interest	5,130,168	4,121,878	10,525,653
Louisiana Venture Fund - 20.93% limited partnership interest	4,665,681	3,512,478	4,300,918
Louisiana Squared, Inc. - 1,400,000 Class B membership units	3,098,000	-	-
MD Technologies, Inc. - 208,333 shares of common stock	500,000	-	-
Murphree Venture Partners VI, L.P. - 11.68% limited partnership interest	3,719,689	1,446,874	1,446,874
Northpeak Wireless, L.L.C. - 3.568% ownership interest	123,710	-	60,625
Presonus Audio Electronics, Inc. - 101,828 shares common stock and 20,400 shares of Series A preferred stock	276,828	160,196	763,036
Qcorps Residential, Inc. - 674,797 shares common stock	95,000	30,425	30,425
Selltis - 110,743 shares common units	500,000	-	-
Source Capital, L.L.C. - 18,000 shares common stock	2,500,000	626,400	841,579
Sterifx, Inc. - 260,000 shares of Class A preferred stock and 2,954,513 shares of Class B preferred stock	643,961	-	152,910
The Football Network, Inc. - 500,000 shares of common stock	1,250,000	-	-
TravelByUs, Inc. - 82,153 shares of common stock	369,690	-	-
Themelios Ventures, II, L.P. - 21.02% limited partner interest	333,333	314,000	314,000
United Agents Holdings, Inc. - 35,000 shares of Series A convertible preferred stock	600,000	-	-
Total equity investments	42,958,295	16,563,432	26,615,004
Total investments	\$ 43,458,295	\$ 16,563,432	\$ 26,615,004

\* This is a publicly-traded security. As such, it is carried at fair value.



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# J. Aaron Cooper , CPA, LLC

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*Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors  
Louisiana Economic Development Corporation  
Baton Rouge, Louisiana

I have audited the financial statements of the Louisiana Economic Development Corporation, a component unit of the State of Louisiana, as of and for the years ended June 30, 2013 and 2012, and have issued my report thereon dated September 27, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

Management of the Louisiana Economic Development Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the Corporation's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal controls over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, and material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness.



A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency described in the accompanying schedule of findings and questioned costs as 2013-1(IC) as a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Corporation's Response to Findings**

The Corporation's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Corporation's response and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Louisiana Economic Development Corporation, the Corporation's management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "J. Aaron Coogan, CPA, LLC". The signature is written in a cursive, flowing style.

DeRidder, Louisiana  
September 27, 2013



**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Summary of Auditors' Results**

As required by the Office of Louisiana Legislative Auditor, the following is a summary of the results of my audit:

- Type of report issued on financial statements – unqualified.
- There was a material weakness in internal controls over financial reporting.
- There were findings to be reported under Government Auditing Standards.
- The results of my audit procedures disclosed no material noncompliance.

**Current Year Findings - Internal Control**

*Finding 2013-1(IC) - Appropriations from Fund 055*

Finding. The 2012 appropriation from Fund 055, which is an allocation of general obligation bond proceeds, was not recorded in the prior year, resulting in a prior period adjustment.

Criteria. All appropriations must be recorded in the year approved.

Effect. If appropriations are not recorded in correct year, the financial statements are misstated.

Cause. Appropriations from Fund 055 are not approved via the normal budget process. Instead, requests for funding from general obligation bonds are submitted to the state bond commission after the regular budget is approved. It appears that the Accounting Manager was not notified of this approval.

Recommendation. LED's Fiscal Department reconciles all appropriations at year end, including the capital outlay allocations from Fund 055. The Accounting Manager should obtain the capital outlay appropriation schedule from Fiscal and reconcile it to LEDC's general ledger.

Management's Response. Management concurs with the finding and will implement the recommendation.

Contact Person. Errol Smith, Accounting Manager

**Current Year Findings - Compliance (N/A)**



**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

Finding 2012-1 (Internal Control)

*Accounting for EDAP contracts.* In the prior year, management decided to amortize its Economic Development Award Program ("EDAP") contracts consistent with the "clawback" provisions in each contract.

Upon further analysis of the contracts by the Legal Department during the current year, the calculations of the clawback amounts were changed due to some inconsistencies in the contract language. The new clawback calculations were acceptable for legal purposes, but for accounting purposes the amortization of the contracts can no longer be tied to this calculation.

*Recommendation.* I recommend that a new amortization calculation be developed that systematically recognizes the cost of the EDAP contracts over the contract period.

*Corrective Action Taken.* The job credits were properly amortized in the current year.

Finding 2012-2 (Internal Control)

*Accounting for SSBCI.* LEDC is participating in a federal program called State Small Business Credit Initiative ("SSBCI"). Disbursements under this program are tracked under its own organization code, however, receipts recorded in an account with other Federal funds. The LEDC accountant currently has to track these funds in a separate spreadsheet.

*Recommendation.* Because this program has to be included in LEDC's financial statements, I recommend that SSBCI monies be segregated in its own account or fund so that the LEDC accountant can account for those funds more easily.

*Corrective Action Taken.* The recommendation was fully implemented.



LOUISIANA DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2013

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STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2013

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ended June 30, 2013

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
P.O. Box 94185  
Baton Rouge, Louisiana 70804-9185

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

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Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

[LLAFileroom@lla.la.gov](mailto:LLAFileroom@lla.la.gov)

Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Anne Villa, Secretary/Treasurer of Louisiana Economic Development Corporation, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Louisiana Economic Development Corporation at June 30, 2013, and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 27th day of September, 2013.



Signature of Agency Official



NOTARY PUBLIC

Prepared by: J. Aaron Cooper, CPA  
Title: Auditor  
Telephone No.: 337-794-2470  
Date: September 27, 2013  
Email Address: [aaron@acoopercpa.com](mailto:aaron@acoopercpa.com)



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Statement A**

The Management's Discussion and Analysis of the Louisiana Economic Development Corporation's financial performance presents a narrative overview and analysis of Louisiana Economic Development Corporation and its subsidiaries' financial activities for the year ended June 30, 2013. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Louisiana Economic Development Corporation's financial statements.

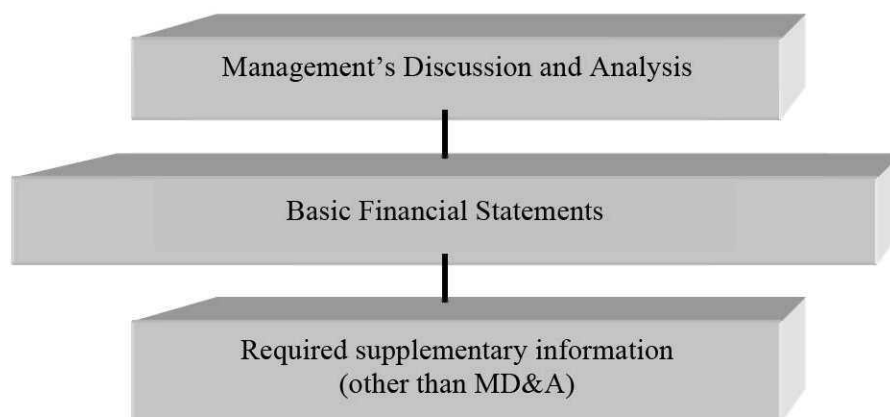
**FINANCIAL HIGHLIGHTS**

For the fiscal year ending June 30, 2013, Louisiana Economic Development Corporation started with a budget of \$38,638,204 (including appropriation for Capital Outlay). We had rollover adjustments in the amount of \$5,798,441, leaving the final authorization at \$44,436,645. The final budget of \$44,436,645 is an increase of \$7,823,831, or 21.4% under last year's budget of \$36,612,814.

The 2013 investments (both short-term and long-term) at fair market value are \$16,563,432 compared to \$17,148,083 in 2012. The Louisiana Economic Development Corporation has hired an independent banking firm, Chaffe & Associates, to determine the valuation of investments. The decrease is mainly due to write downs.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Statement A**

**Basic Financial Statements**

The basic financial statements present information for the Louisiana Economic Development Corporation and its subsidiaries as a whole in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana Economic Development Corporation is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how Louisiana Economic Development Corporation's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement presents information showing how the Louisiana Economic Development Corporation's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

The following is a condensed statement of the Balance Sheet for the Louisiana Economic Development Corporation at June 30, 2013 and 2012:

Balance Sheet as of June 30, 2013 and 2012		
	Total	
	2013	2012
Current and other assets, unrestricted	\$ 46,338,388	\$ 39,651,105
Current and other assets, restricted	-	-
Other assets	37,734,076	38,926,520
Total assets	<u>84,072,464</u>	<u>78,577,625</u>
Current liabilities	8,842,134	5,709,386
Long-term debt outstanding	1,557,522	1,360,580
Total liabilities	<u>10,399,656</u>	<u>7,069,966</u>
Net position:		
Restricted	-	-
Unrestricted	73,672,808	71,507,659
Total net assets	<u>73,672,808</u>	<u>71,507,659</u>
Total liabilities and net position	<u>84,072,464</u>	<u>78,577,625</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. Conversely, unrestricted net assets are those that do not have any limitations for what these amounts may be used.



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Statement A**

The following is a condensed statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2013 and 2012:

Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2013 and 2012		
	Total	
	2013	2012
Operating revenues	\$ 980,849	\$ 2,986,252
Operating expenses	17,792,275	21,230,388
Operating income(loss)	(16,811,426)	(18,244,136)
Non-operating revenues(expenses)	18,976,575	5,920,018
Changes in net position	\$ 2,165,149	\$ (12,324,118)

There was an interagency transfers made out of the fund in 2012 for the Dept. of Economic Development (\$12,331,838) and Small and Emerging Business Development (\$1,689,598) which caused the reduction in Non-operating revenues(expenses).

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Louisiana Economic Development Corporation does not have any capital assets or debt.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

The appropriation for Louisiana Economic Development Corporation is dedicated each year from the dedicated Louisiana Economic Development Fund, although it receives operating and non-operating income during the year. The revenue for 2013 was \$15,117,535, which was \$1,974,774 over the expected revenue budget of \$13,142,761. This difference of \$1,974,774 is due to investment returns.

**ECONOMIC FACTORS AFFECTING THIS YEARS FINANCIAL CONDITION AND NEXT YEAR'S BUDGET**

The primary factors affecting Fiscal Year 2012-2013 financial condition of Louisiana Economic Development Corporation were outside factors to the change in the economic market due to the continuing recovery of Hurricanes Gustav and Ike in 2008 and the oil rig explosion in the Gulf of Mexico on April 20, 2010. In addition the volatility of oil and gas prices have had an impact on the State's budget.



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Statement A**

The economy was beginning to recover from the events of September 11, 2001, when the massive destruction caused by the hurricanes in the southern region of the United States occurred. A vast majority of the demand is still being handled by recovery funds established to assist those most affected by the hurricane devastations. The spill has caused extensive damage to the Gulf's fishing and tourism industries and the subsequent drilling moratorium has put many Louisianans out of work. Decrease in the hurricane recovery funds, increase in new businesses, and increase in marketing trips should increase demand for all programs.

Although the national economy has been in a downturn, Louisiana has fared far better than most states due to the recovery efforts. Louisiana is well below both the National average and the southern indicators in the unemployment rate. Accordingly, Louisiana's employment rate has been stable throughout the recession. This is largely due to the recovery efforts from the Hurricanes, but also the aggressive action taken by the Governor and the Department of Economic Development to bring new jobs and companies to Louisiana, while continuing to grow the businesses already here.

Management continues to monitor the health of the guarantee portfolio for losses due to the economy. The investment portfolio is directly tied to the health of the market; however, there are some investments that are being held that may be liquidated this year with others to be liquidated within the next five years. The fact that the Economic Development Fund is a dedicated, revolving fund allows Louisiana Economic Development Corporation to request additional funds as needed, but due to increased activity and legislative requests, the fund amount has decreased enormously.

**CONTACTING THE LOUISIANA ECONOMIC DEVELOPMENT CORPORATION'S  
MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Louisiana Economic Development Corporation and its subsidiaries' finances and to show the Louisiana Economic Development Corporation and its subsidiaries' accountability for the money it receives. If you have questions about this report or need additional financial information, contact Anne Villa, Undersecretary, at (225) 342-3000.



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Statement A**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash equivalents	\$	16,647,953
Restricted Cash and Cash Equivalents		
Investments		
Derivative Instruments		
Receivables (net of allowance for doubtful accounts) (Note U)		1,931,223
Due from other funds (Note Y)		23,547,378
Due from federal government		
Inventories		
Prepayments		
Notes Receivable		935,314
Other Current Assets		3,276,520
Total current assets		46,338,388

**NONCURRENT ASSETS**

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Investments		29,160,732
Notes Receivable		1,428,328
Capital assets, net of depreciation (Note D)		
Land non-depreciable easements		
Buildings and improvements		
Machinery and equipment		
Infrastructure		
Intangible assets		
Construction/Development-in-progress		
Other noncurrent assets		7,145,016
Total noncurrent assets		37,734,076
Total assets	\$	84,072,464

**DEFERRED OUTFLOWS OF RESOURCES**

Accumulated decrease in fair value of hedging derivatives	\$	
Total assets and deferred outflow of resources	\$	84,072,464



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Statement A**

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$ 827,335
Derivative instrument	
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	8,014,799
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
Other long-term liabilities	
Total current liabilities	8,842,134

**NONCURRENT LIABILITIES**

Contracts payable	
Compensated absences payable	
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
OPEB payable	
Other long-term liabilities	1,088,471
Total noncurrent liabilities	1,088,471
Total liabilities	9,930,605

**DEFERRED INFLOWS OF RESOURCES**

Accumulated increase in fair value of hedging derivatives	\$
Deferred service concession arrangement receipts	
Total deferred inflows of resources	-

**NET POSITION**

Net investment in capital assets	
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	74,141,859
Total net position	74,141,859
Total liabilities, deferred inflows of resources, and net position	\$ 84,072,464

The accompanying notes are an integral part of this financial statement.



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Statement B**

**OPERATING REVENUE**

Sales of commodities and services	\$
Assessments	
Use of money and property	980,849
Licenses, permits, and fees	
Federal grants and contracts	
State, local and nongovernmental grants and contracts	
Other	
Total operating revenues	980,849

**OPERATING EXPENSES**

Cost of sales and services	16,718,288
Administrative	604,936
Depreciation	
Amortization	
Total operating expenses	17,323,224
Operating income(loss)	(16,342,375)

**NON-OPERATING REVENUES(EXPENSES)**

State appropriations	10,000,000
Intergovernmental revenues(expenses)	(1,371,781)
Taxes	9,781,270
Use of money and property	24,027
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	543,059
Interest expense	
Other revenue	
Other expense	
Total non-operating revenues(expenses)	18,976,575
Income(loss) before contributions, extraordinary items, & transfers	2,634,200

**Capital contributions**

Extraordinary item	
Transfers in	
Transfers out	

Change in net assets	2,634,200
Total net assets – beginning	71,507,659
Total net assets – ending	\$ 74,141,859

The accompanying notes are an integral part of this financial statement.



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Statement C**

		Program Revenues			Net (Expense)
			Operating	Capital	Revenue and
			Grants and	Grants and	Changes in
	Expenses	Charges for	Contributions	Contributions	Net Position
		Services			
Entity	\$ 17,323,224	\$ 980,849	\$ 543,059	\$	\$ (15,799,316)
General revenues:					
Taxes					9,781,270
State appropriations					10,000,000
Grants and contributions not restricted to specific programs					
Interest					24,027
Miscellaneous					
Special items					
Extraordinary item					
Transfers					(1,371,781)
Total general revenues, special items, and transfers					18,433,516
Change in net assets					2,634,200
Net position - beginning as restated					
Net position - ending				\$	\$ 2,634,200

The accompanying notes are an integral part of this statement.



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Statement D  
(continued)**

**Cash flows from operating activities**

Cash receipts from customers	\$		
Cash receipts from grants and contracts			
Cash receipts from interfund services provided			
Other operating cash receipts, if any		1,786,533	
Cash payments to suppliers for goods or services		(139,055)	
Cash payments to employees for services		(482,214)	
Cash payments for interfund services used, including payments "In Lieu of Taxes"			
Other operating cash payments, if any*		(17,009,250)	
Net cash provided(used) by operating activities			(15,843,986)

**Cash flows from non-capital financing activities**

State Appropriations		(494,979)	
Federal receipts		4,353,677	
Federal disbursements			
Proceeds from sale of bonds			
Principal paid on bonds			
Interest paid on bond maturities			
Proceeds from issuance of notes payable			
Principal paid on notes payable			
Interest paid on notes payable			
Operating grants received			
Transfers in			
Transfers out			
Other**		9,819,603	
Net cash provided(used) by non-capital financing activities			13,678,301

**Cash flows from capital and related financing activities**

Proceeds from sale of bonds			
Principal paid on bonds			
Interest paid on bond maturities			
Proceeds from issuance of notes payable			
Principal paid on notes payable			
Interest paid on notes payable			
Acquisition/construction of capital assets			
Proceeds from sale of capital assets			
Capital contributions			
Deposits with trustees			
Other (***) provide explanation)			
Net cash provided(used) by capital and related financing activities			-

**Cash flows from investing activities**

Purchases of investment securities		(1,430,506)	
Proceeds from sale of investment securities		2,192,886	
Interest and dividends earned on investment securities		24,027	
Net cash provided(used) by investing activities			786,407

Net increase(decrease) in cash and cash equivalents (1,379,278)

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of year \$ (1,379,278)



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Statement D  
(concluded)**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)		\$	(16,342,375)
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:			
Depreciation/amortization			
Provision for uncollectible accounts			(164,836)
Other			134,604
Changes in assets and liabilities:			
(Increase)decrease in accounts receivable, net			789,586
(Increase)decrease in due from other funds			
(Increase)decrease in prepayments			
(Increase)decrease in inventories			
(Increase)decrease in other assets			416,905
Increase(decrease) in accounts payable and accruals			(677,870)
Increase(decrease) in compensated absences payable			
Increase(decrease) in due to other funds			
Increase(decrease) in deferred revenues			
Increase(decrease) in OPEB payable			
Increase(decrease) in other liabilities			
Net cash provided(used) by operating activities		\$	(15,843,986)

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease(s)	\$	
Contributions of fixed assets		
Purchases of equipment on account		
Asset trade-ins		
Other (specify)		
<b>Total noncash investing, capital, and financing activities:</b>	\$	-

The accompanying notes are an integral part of this statement.



**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Please provide an explanation of what is included in “other.” If there are multiple reasons, please list each out separately along with the amount.**

**\* Other (operating cash payments)**

Payments under the various business development programs.

**\*\*Other (cash flows from non capital financing activities)**

Vendors' compensation

**\*\*\*Other (cash flows from capital and related financing activities)**

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**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

**INTRODUCTION**

The Louisiana Economic Development Corporation ("LEDC") was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 51:2311. The following is a brief description of the operations of LEDC and includes the parish/parishes in which it is located:

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Economic Development Corporation present information only as to the transactions of the programs of LEDC as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of LEDC are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of LEDC are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>38,638,204</u>
Amendments:	
Rollovers	<u>5,798,441</u>
	<u>                    </u>
Final approved budget	\$ <u><u>44,436,645</u></u>

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law, LEDC may deposit funds within a fiscal agent bank. Further, LEDC may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the statement of cash flows and statement of net position presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank.

The deposits at June 30, 2013, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Held by State Treasury	Total
Deposits per statement of net position (Reconciled bank balance)	\$ 653,593	\$ 12,597,300	\$ 15,994,360	\$ 29,245,253
Deposits in bank accounts per bank	\$ 653,593	\$ 12,597,300		\$ 13,250,893
Bank balances exposed to custodial credit risk:				
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but	403,593	10,129,550		10,533,143

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per statement of net position" due to outstanding items.

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1 American Gateway Bank	Loan Guaranty Program	\$ 1,026,352
2 Central Progressive Bank	Loan Guaranty Program	607,500
3 Citizens Bank	Loan Guaranty Program	217,750
4 Delta Bank	Loan Guaranty Program	1,500,000
5 Iberville Bank	Loan Guaranty Program	250,286
6 Jeff Davis Bank	Loan Guaranty Program	3,840,600
7 FNBC	Loan Guaranty Program	449,939
8 Liberty Bank	Loan Guaranty Program	1,782,686
9 State Bank & Trust	Loan Guaranty Program	375,188
10 Tedhe Bank	Loan Guaranty Program	504,500
11 Washington State Bank	Loan Guarantee/VC Programs	2,696,092
Total		\$ 13,250,893



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the statement of net position to amounts reported in this note, list below any cash in treasury and petty cash that are included on the statement of net position.

Cash in state treasury	\$ 15,994,360
Petty cash	\$ _____

**2. INVESTMENTS**

The Louisiana Economic Development Corporation maintains investment accounts as authorized by R.S. 51:2312.

**Custodial Credit Risk**

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or held by the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount Per Statement of Net Position</u>	<u>Fair Value</u>
Negotiable CDs	\$ _____	\$ _____	\$ _____	\$ _____
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	_____	_____
U.S. Agency Obligations***	_____	_____	_____	_____
Common & preferred stock	_____	_____	16,563,432	26,615,004
Mortgages (including CMOs & MBSs)	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
External Investment Pool (LAMP) ****	_____	_____	_____	_____
External Investment Pool (Other)	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ 16,563,432	\$ 26,615,004

\* Unregistered - not registered in the name of the government or entity

\*\* These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendices Packet, Appendix A, at <http://www.doa.louisianagov/OSRAP/afipackets.htm> for the definition of US Government Obligations)

\*\*\* These obligations may not be exposed to custodial credit risk (See Appendix A in the Appendices Packet for a discussion of FNMA & FHLMC)

\*\*\*\* LAMP investments should not be included in deposits AND should be identified separately in this table to ensure LAMP investments are not double-counted on the State level.

**3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES**

A. Credit Risk of Debt Investments (N/A)

B. Interest Rate Risk of Debt Investments (N/A)



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
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**C. Concentration of Credit Risk**

List, by amount and issuer, investments in any one issuer that represents 5% or more of total external investments (not including U.S. government securities, mutual funds, and investment pools).

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
Aurora Ventures IV, LLC	\$ 1,478,401	8.93
Business Resource Capital Specialty BID CO	1,700,000	10.26
Endgame Entertainment Fund, LLC	1,572,937	9.50
Louisiana Fund I, LP	4,121,876	24.89
Louisiana Venture Fund	3,512,478	21.21
Murphree Venture Partners VI, LP	1,446,874	
Total	\$ 13,832,566	

**D. Foreign Currency Risk (N/A)**

**4. DERIVATIVES (GASB 53) (N/A)**

**5. POLICIES**

Investments are uninsured due to the nature of LEDC's operations. It is LEDC's policy to comply with state law regarding pledged collateral on deposits.

**6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS**

- a. Investments in pools managed by other governments or mutual funds (N/A)
- b. Securities underlying reverse repurchase agreements (N/A)
- c. Unrealized investment losses (N/A)
- d. Commitments as of \_\_\_\_\_ (fiscal close), to resell securities under yield maintenance repurchase agreements: (N/A)
- e. Losses during the year due to default by counterparties to deposit or investment transactions (N/A)
- f. Amounts recovered from prior period losses which are not shown separately on the statement of net position (N/A)



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

Legal or Contractual Provisions for Reverse Repurchase Agreements (N/A)

- g. Source of legal or contractual authorization for use of reverse repurchase agreements (N/A)
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year (N/A)

Reverse Repurchase Agreements as of Year-End (N/A)

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest (N/A)
- j. Commitments on \_\_\_\_\_ (fiscal close) to repurchase securities under yield maintenance agreements (N/A)
- k. Market value on \_\_\_\_\_ (fiscal close) of the securities to be repurchased (N/A)
- l. Description of the terms of the agreements to repurchase (N/A)
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements (N/A)
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement (N/A)

Fair Value Disclosures (GASB 31)

- o. The Corporation records its investments at estimated fair value or at cost if fair value is not readily determinable (e.g., publicly-traded). Fair value generally is considered to be the amount which the corporation might reasonably expect to receive for its investments if negotiations for sale were entered into on the valuation date. Valuation as of any particular date, however, is not necessarily indicative of the amount which the corporation ultimately may realize as a result of a future sale or other disposition of the investments.

In preparing the financial statements, the Corporation's management is required to make significant judgments that affect the reported amounts of investments as of the date of the balance sheet and the change in unrealized appreciation (depreciation) for the period. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the value that would have been used had a ready market for the investments existed and these differences could be material.



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

The process of valuing investments requires significant judgments that are particularly susceptible to change. The corporation's management believes that investment values are appropriate. While the corporation's management uses available information to recognize declines in investment values, future adjustments may be necessary based on changes in economic conditions or changes in the results of the operations of investee companies.

The valuation policies of the Corporation's management in determining the fair value of the corporation's investments include the following:

- Marketable securities listed on a national securities exchange are valued at their closing sales price on the valuation date;
- Marketable securities traded over-the-counter are valued at their closing bid price on the valuation date, as reported in the National Association of Securities Dealers' Automated Quotation System (NASDAQ) or if not reported in NASDAQ, as reported by the National Quotation Bureau (or any successor to such organization) ;
- Restricted securities (securities not freely marketable, but part of a class of securities listed on a national securities exchange or traded over-the-counter) are valued at a discount from the security's value determined under the above subsections, reflecting their limited marketability; and
- All other securities are valued initially at cost with subsequent adjustments to values which reflect meaningful third-party transactions in the private market or at fair market value reflecting, in any event, their marketability, the business and prospects of the issuer of such securities and other relevant factors.

During the years ended June 30, 2013, the Corporation engaged an independent third party investment banker to perform valuations of certain investments. As of June 30, 2013, the Corporation's investments have been written down to their estimated impaired values, as determined by the independent appraisal, as applicable.

- p. Basis for determining which investments, if any, are reported at amortized cost (N/A)
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool (N/A)
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares (N/A)
- s. Any involuntary participation in an external investment pool (N/A)
- t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate (N/A)



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

- u. Any income from investments associated with one fund that is assigned to another fund (N/A)

Land and Other Real Estate Held as Investments by Endowments (GASB 52) (N/A)

- v. \_\_\_\_\_ (agency/entity) owns land or other real estate held as investments by endowments. (yes/no) Land or real estate held as investments by endowments is reported at fair value in the entity's financial statements and any applicable fair value note disclosures are reported in the preceding fair value disclosure section.

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS (N/A)**

**E. INVENTORIES (N/A)**

**F. RESTRICTED ASSETS (N/A)**

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Louisiana Economic Development Corporation has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations. The liability for accrued compensated absences payable at June 30, 2013 computed in accordance with Section C60 is estimated to be \$25,105. The leave payable is recorded in the accompanying financial statements.

**2. COMPENSATORY LEAVE (N/A)**



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
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**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Louisiana Economic Development Corporation are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time LEDC employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2012 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:  
[http://www.lasersonline.org/uploads/CAFR\\_2012.pdf](http://www.lasersonline.org/uploads/CAFR_2012.pdf)



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. LEDC is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2013, increased to 29.1% of annual covered payroll from the 25.6% and 22.0% required in fiscal years ended June 30, 2012 and 2011 respectively. LEDC contributions to the System for the years ending June 30, 2013, 2012, and 2011, were \$97,688, \$91,163, and \$73,715, respectively, equal to the required contributions for each year.

**I. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (N/A)**

**J. LEASES (N/A)**

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2013:

	Year ended June 30, 2013			Balance June 30, 2013	Amounts due within one year
	Balance June 30, 2012	Additions	Reductions		
<b>Notes and bonds payable:</b>					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total notes and bonds	-	-	-	-	-
<b>Other liabilities:</b>					
Contracts payable	-	-	-	-	-
Compensated absences payable	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Claims and litigation	-	-	-	-	-
Pollution remediation obligation	-	-	-	-	-
OPEB payable	-	-	-	-	-
Other long-term liabilities	1,360,580	196,942	-	1,557,522	-
Total other liabilities	1,360,580	196,942	-	1,557,522	-
Total long-term liabilities	\$ 1,360,580	\$ 196,942	\$ -	\$ 1,557,522	\$ -

**L. CONTINGENT LIABILITIES (N/A)**

**M. RELATED PARTY TRANSACTIONS (N/A)**

**N. ACCOUNTING CHANGES (N/A)**



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

**O. IN-KIND CONTRIBUTIONS (N/A)**

**P. DEFEASED ISSUES (N/A)**

**Q. REVENUES – PLEDGED OR SOLD (GASB 48) (N/A)**

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) (N/A)**

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS (N/A)**

**T. SHORT-TERM DEBT (N/A)**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2013, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
LEDC	\$	\$ 1,929,120	\$	\$ 2,103	\$ 1,931,223
Gross receivables	\$ -	\$ 1,929,120	\$ -	\$ 2,103	\$ 1,931,223
Less allowance for uncollectible accounts Receivables, net	\$ -	\$ 1,929,120	\$ -	\$ 2,103	\$ 1,931,223
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

**V. DISAGGREGATION OF PAYABLE BALANCES**

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
LEDC	\$ 3,024	\$ 53,701	\$	\$ 770,610	\$ 827,335
Total payables	\$ 3,024	\$ 53,701	\$ -	\$ 770,610	\$ 827,335

Payables at June 30, 2013, were as follows:

**W. SUBSEQUENT EVENTS (N/A)**

**X. SEGMENT INFORMATION & REPORTING FUNDS OF A BLENDED COMPONENT UNIT (N/A)**



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

**Y. DUE TO/DUE FROM AND TRANSFERS (N/A)**

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS (N/A)**

**AA. PRIOR-YEAR RESTATEMENT OF NET POSITION**

The following adjustments were made to restate beginning net position for June 30, 2013.

Ending net position 6/30/12 as reported to OSRAP on PY AFR	*Adjustments to ending net position 6/30/12 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/12) + or (-)	Beg net position @ 7/1/12 as restated
\$ 83,831,177	\$	10,000,000	\$ 93,831,177
			-
			-
			-
			-

The adjustment is the result of an allocation of general obligation bond proceeds from Fund 055 for capital outlay purposes that was not recorded in the prior year.

**BB. ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) (N/A)**

**CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES (N/A)**

**DD. EMPLOYEE TERMINATION BENEFITS (N/A)**

**EE. POLLUTION REMEDIATION OBLIGATIONS (N/A)**



**STATE OF LOUISIANA**  
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**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

GA SB 49 \_\_\_\_\_ a \_\_\_\_\_ (agency/department)  
 Inventory Log  
 FYE 6/30/13

	e	f	g	h	i	j
Project Name	FP&C / DEQ Project Number	Trigger Year	6/30/12 Ending Balance	Increases	Decreases (expenditures) (including accruals)	Decreases (other adjustments)
<u>Projects Reported @ 6/30/12: b</u>						
			0	0	0	0
<u>Projects NOT Previously Reported: c</u>						
			0	0	0	0
<u>Projects Begun after 7/1/12: d</u>						
			0	0	0	0
Totals			0	0	0	0



**FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) (N/A)**

**GG. RESTRICTED ASSETS – OTHER SPECIFIC PURPOSES (N/A)**

**HH. SERVICE CONCESSION ARRANGEMENTS (N/A)**



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
JUNE 30, 2013**

Name	Amount
Michael Saucier	\$242

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

SCHEDULE 1



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF NOTES PAYABLE (N/A)**  
**JUNE 30, 2013**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>		\$ <u>          </u>

\*Send copies of new amortization schedules



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
SCHEDULE OF BONDS PAYABLE (N/A)  
JUNE 30, 2013**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
<b>Series:</b>							
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Unamortized Discounts and Premiums Series:</b>							
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ <u>      </u>	\$ <u>      </u>	\$ <u>      </u>	\$ <u>      </u>		\$ <u>      </u>

**\*Note: Principal outstanding (bond series minus unamortized costs) at 6/30/13 should agree to bonds payable on the statement of net position.**

**Send copies of new amortization schedules for bonds and unamortized costs.**



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF CAPITAL LEASE AMORTIZATION (N/A)**  
**For The Year Ended June 30, 2013**

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2014	\$ _____	\$ _____	\$ _____	\$ --
2015	_____	_____	_____	--
2016	_____	_____	_____	--
2017	_____	_____	_____	--
2018	_____	_____	_____	--
2019-2023	_____	_____	_____	--
2024-2028	_____	_____	_____	--
2029-2033	_____	_____	_____	--
2034-2038	_____	_____	_____	--
Total	\$ == --	\$ == --	\$ == --	\$ == --



**STATE OF LOUISIANA**  
**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF NOTES PAYABLE AMORTIZATION (N/A)**  
**For the Year Ended June 30, 2013**

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ _____	\$ _____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019-2023	_____	_____
2024-2028	_____	_____
2029-2033	_____	_____
2034-2038	_____	_____
Total	\$ _____ --	\$ _____ --



**STATE OF LOUISIANA  
LOUISIANA ECONOMIC DEVELOPMENT CORPORATION  
SCHEDULE OF BONDS PAYABLE AMORTIZATION (N/A)  
For The Year Ended June 30, 2013**

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ _____	\$ _____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
2037	_____	_____
2038	_____	_____
Subtotal	_____ --	_____ --
Unamortized Discounts/Premiums	_____	_____
Total	\$ _____ --	\$ _____ --

**\*Note: Principal outstanding (bond series plus minus unamortized costs) at 6/30/13  
should agree to bonds payable on the statement of net position.**



**STATE OF LOUISIANA**

**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**

**COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$5 million**, explain the reason for the change. **Please provide adequate details to clearly explain the change from last year.**

	<u>2013</u>	<u>2012</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>21,329,205</u>	\$ <u>22,927,706</u>	\$ <u>1,598,501</u>	\$ <u>6.9%</u>
Expenses	<u>18,695,005</u>	<u>35,251,824</u>	<u>16,556,819</u>	<u>47.0%</u>
2) Capital assets	<u>                    </u>	<u>                    </u>	<u>-</u>	<u>                    </u>
Long-term debt	<u>                    </u>	<u>                    </u>	<u>-</u>	<u>                    </u>
Net position	<u>74,141,859</u>	<u>71,507,659</u>	<u>2,634,200</u>	<u>3.7%</u>

**Explanation for change:** Expenses decreased due to a one-time transfer of \$12,331,838 to Department of Economic Development in the prior year. Additionally, LEDC recognized an unrealized loss of \$3,321,522 on investments in the prior year versus a loss of \$118,506 in the current year.



SCHEDULE 16 – COOPERATIVE ENDEAVORS  
FOR THE YEAR ENDED JUNE 30, 2013

AGENCY NUMBER

AGENCY NAME--LA ECONOMIC DEVELOPMENT CORPORATION

[illegible]